

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL NOTE**

**HB 1741 – SB 2721**

February 22, 2022

**SUMMARY OF BILL:** Authorizes a full-time public-school teacher to be eligible for enrollment in one course, one time at any state-supported college or university, college of applied technology, or the Tennessee Foreign Language Institute without paying tuition or fees, including online course fees for a course taken through the regents online degree programs. Authorizes the Tennessee Higher Education Commission (THEC) to promulgate rules as are necessary to implement this section, including rules for the allocation of appropriations specifically appropriated for the fee waiver.

**FISCAL IMPACT:**

The fiscal note has been updated to correct an error in the summary that incorrectly stated the course was available per academic year to teachers and corrected to reflect only one course is allowed per teacher one time. The estimated fiscal impact for this legislation remains unchanged.

**Increase State Expenditures – \$1,757,500/FY22-23/General Fund**

**Decrease State Revenue – \$1,168,600/FY23-24 and Subsequent Years/**

**Locally Governed Institutions**

**\$110,400/FY23-24 and Subsequent Years/**

**Tennessee Board of Regents**

**\$478,500/FY23-24 and Subsequent Years/**

**University of Tennessee System**

**Assumptions:**

- Tennessee Code Annotated § 8-50-114 grants eligibility to full-time state employees to receive a tuition and fee waiver for up to four courses per academic year at any state-supported college or university
- Public school teachers are not currently eligible for this educational benefit.
- It is assumed that all teachers who are currently taking courses and paying tuition and fees will opt to use the waiver; it is also assumed that some unknown number of teachers who would not otherwise pay to take a course, will choose to use the waiver and enroll in a qualifying institution.
- Reimbursement to state-supported colleges, universities, or area vocational technical schools is limited to the availability of state funds that are specifically appropriated for fee waiver and discount programs.

**HB 1741 – SB 2721 (CORRECTED)**

- Institutions receive a proportional distribution of available funds based on each school's share of the total amount of tuition and fee waivers used.
- THEC monitors the use of tuition and fee waivers by determining the number of Full-Time Equivalent (FTE) hours supported by waivers. THEC calculates 1 FTE to equal 15 undergraduate credit hours or 12 graduate hours.
- Full-time enrollment (FTE) use of the waiver is equivalent to an average of 4 classes.
- Based on information provided by the Department of Human Resources, there are 39,085 full-time state employees.
- Based on information provided by the Department of Education, there are an estimated 68,838 full-time teachers.

*Assumptions relative to Locally Governed Institutions:*

- There were an estimated 497 FTE waivers issued from locally governed institutions (LGIs) for state employees.
- At 4 classes per FTE, this represents utilization rate of approximately 5.1 percent  $[(497 \times 4) / 39,085]$  the total number of full-time state employees.
- The average course waiver is estimated to be \$1,331 each.
- This legislation authorizes public-school teacher to be eligible for enrollment in one course per academic year versus the four for state employees.
- Applying the same utilization percentage to full-time public-school teachers as full-time state employees and dividing by four, it is estimated that an additional 878  $[(68,838 \times 5.1\%) / 4]$  waivers will be issued.
- The total amount of waivers is estimated to be \$1,168,618 (878 course waivers x \$1,331) for the LGIs.

*Assumptions relative to Tennessee Board of Regents:*

- There were an estimated 102 FTE waivers issued from Tennessee Board of Regents (TBR) colleges for state employees.
- At 4 classes per FTE, this represents utilization rate of approximately 1.04 percent  $[(102 \times 4) / 39,085]$  of the total number of full-time state employees.
- The average course waiver is estimated to be \$617 each.
- This legislation authorizes public-school teacher to be eligible for enrollment in one course per academic year versus the four for state employees.
- Applying the same utilization percentage to full-time public-school teachers as fulltime state employees and dividing by four it is estimated that an additional 179  $[(68,838 \times 1.04\%) / 4]$  waivers will be issued.
- The total amount of waivers is estimated to be \$110,443 (179 course waivers x \$617) for a TBR college.

*Assumptions relative to University of Tennessee System:*

- There were an estimated 162 FTE waivers issued from a University of Tennessee (UT) System for state employees.
- At 4 classes per FTE, this represents utilization rate of approximately 1.66 percent  $[(162 \times 4) / 39,085]$  of the total number of full-time state employees.
- The average course waiver is estimated to be \$1,673 each.

- This legislation authorizes public-school teacher to be eligible for enrollment in one course per academic year versus the four for state employees.
- Applying the same utilization percentage to full-time public-school teachers as full-time state employees and dividing by four, it is estimated that an additional 286  $[(68,838 \times 1.66\%) / 4]$  waivers will be issued.
- The total amount of waivers is estimated to be \$478,478 (286 course waivers x \$1,673) for the UT System.

*Assumptions relative to total impact:*

- Public Chapter 120 of the 112th Tennessee General Assembly (PC120) declared legislation enacted after January 1, 2021, that mandates a discount or waiver of tuition or fees program at public institutions of higher education, unenforceable against the institution affected in any fiscal year the General Assembly fails to appropriate a sum sufficient to fully fund the program. PC120 only applies for the duration of the 112th General Assembly.
- The estimated increase to state expenditures from the General Fund for the inclusion of one course for public school teachers is \$1,757,539 (\$1,168,618 LGI + \$110,443 TBR + \$478,478 UT) at each public institution of higher education in FY22-23.
- The net impact to public institutions of higher education will be not significant in FY22-23.
- Any reimbursement to institutions in subsequent years is subject to appropriation by the General Assembly and cannot be reasonably determined.
- A new group of teachers are expected to take advantage of the free course each year as part of their continuing education requirements.
- The total decrease in state revenue in each FY23-24 and subsequent years is as follows: \$1,168,618 LGI; \$110,443 TBR; \$478,478 UT.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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